

Message Text

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ACTION EB-08

INFO OCT-01 AF-10 ARA-10 EUR-12 IO-13 ISO-00 L-03
FRB-03 OMB-01 ITC-01 SP-02 USIA-06 AGRE-00 AID-05
CIAE-00 COME-00 INR-07 LAB-04 NSAE-00 OIC-02
SIL-01 STR-04 TRSE-00 CEA-01 SS-15 /109 W
-----015063 081651Z /50

P R 081601Z SEP 77

FM AMEMBASSY LONDON

TO SECSTATE WASHDC PRIORITY 8072

INFO AMEMBASSY ABIDJAN

AMEMBASSY NAIROBI

AMEMBASSY BRASILIA

AMEMBASSY ACCRA

AMEMBASSY BOGOTA

AMEMBASSY MEXICO

AMEMBASSY OTTAWA

AMEMBASSY BERN

AMCONSUL SAO PAULO

AMCONSUL RIO DE JANEIRO

AMEMBASSY PARIS

AMEMBASSY BRUSSELS

USMISSION GENEVA

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USEEC

USOECD

FOR: EB/TRP - THOMAS O'DONNELL

E.O. 11652: N/A

TAGS: ETRD, ICO, EPAP, ICCO

SUBJECT: COCOA AND COFFEE -- CONSULTATIONS WITH GOIC

REF: NAIROBI 11435

1. SUMMARY. ON SEPTEMBER 6 US REP (THIGPEN) TO INTER-
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NATIONAL COFFEE ORGANIZATION (ICO) SPENT A DAY IN
INTENSIVE CONSULTATIONS ON COMMODITY POLICY WITH IVORY
COAST OFFICIALS IN ABIDJAN. CONSULTATIONS FOLLOWED A
MEETING OF THE ICO EXECUTIVE BOARD IN NAIROBI AND WERE
PARTICULARLY TIMELY IN VIEW OF RECENT GOIC CABINET
SHUFFLE IN WHICH MINAG OF 14 YEARS, SAWADOGO, WAS
REPLACED BY DENIS BRA KANON. MINISTER BRA KANON USED

OCCASION TO UNDERLINE GOIC'S DESIRE TO CONTINUE THE SPECIAL DIALOGUE WITH U.S. ON COCOA AND COFFEE MATTERS, BUT TECHNICAL-LEVEL DISCUSSIONS SUGGESTED SOME DIFFERENCES ON SPECIFICS REGARDING AN INTERNATIONAL COCOA AGREEMENT (ICCA). DESPITE ABBREVIATED NATURE OF VISIT, OBJECTIVE OF ESTABLISHING GOOD COMMUNICATION WITH NEW MINISTER CLEARLY WAS ACHIEVED. BRA KANON WAS SELF-ASSURED AND APPEARED COMPETENT. MESSAGE IMPARTED WAS THAT IVORIAN POLICY HAD NOT CHANGED WITH DISMISSAL OF SAWADOGO, AND THAT BRA KANON WAS READY TO WORK WITH US AS HIS PREDECESSOR HAD BEFORE. GOIC WISHES TO KNOW WHETHER WE WOULD RESPOND POSITIVELY TO AN IVORIAN INITIATIVE TO RENEGOTIATE THE ICCA. THIS INITIATIVE WOULD BE PRIMARILY TO ACCOMMODATE U.S. SINCE IVORIANS KEENLY WANT U.S. INVOLVEMENT. END SUMMARY.

2. IVORIANS LAID ON FULL SCHEDULE CONSISTING OF HOUR-LONG MEETING WITH MINISTER IN MORNING, AFTERNOON SESSION WITH CAISSE DE STABILISATION, AND DINNER IN U.S. REP'S HONOR HOSTED BY MINISTER. ABIDJAN EMBOFF BRESLER AND AG ATT MURRY ACCOMPANIED THIGPEN ON FULL SCHEDULE, AS DID IVORY COAST (AND OAMCAF SPOKESMAN) LONDON REP, JEAN MARIE GERVAIS. CHARGE COX ATTENDED DINNER.

3. CALL ON MINISTER. THIGPEN OPENED CONVERSATION, CITING SPECIAL DIALOGUE IN PAST ON MANY COMMODITY LIMITED OFFICIAL USE

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QUESTIONS DESPITE FACT WE "SIT ON OPPOSITE SIDES OF TABLE". BRA KANON WAS TOLD U.S. HIGHLY VALUED THIS AND THIGPEN VISIT WAS ENDORSED BY ASSISTANT SECRETARY OF STATE KATZ. BRA KANON RESPONDED SIMILARLY, NOTING THAT SINCE HE WAS NEW IN JOB, HE WAS PARTICULARLY APPRECIATIVE OF THIS CHANCE TO HEAR U.S. VIEWS.

4. RE COCOA, THIGPEN BRIEFLY REITERATED U.S. OBJECTIONS TO PRESENT ICCA, POINTING OUT THERE WAS NO CHANCE U.S. WOULD JOIN THE ICCA IN ITS PRESENT FORM. NEVERTHELESS, BRA KANON WAS TOLD U.S. EXPECTED TO SEND OBSERVER TO HIGH-LEVEL MEETING IN BERN, BUT NOT AT THE POLICY LEVEL. BRA KANON WELCOMED POSSIBILITY OF U.S. PRESENCE AT BERN MEETING AS IMPORTANT SHOW OF INTEREST BY WORLD'S LARGEST CONSUMER. HE SAID THE IVORY COAST WAS IN PROCESS OF EXPANDING PRODUCTION AND WAS URGING OTHERS TO DO THE SAME; HE ADDED THAT THE IVORIANS WERE PROVIDING TECHNICAL ASSISTANCE IN COCOA PRODUCTION TO NEIGHBORING PRODUCERS. HE EXPRESSED CONCERN THAT EXCESSIVELY HIGH PRICES WOULD LEAD TO SUBSTITUTION.

5. CONCERNING THE PRESENT ICCA, BRA KANON SAID THE GOIC

WAS ALSO NOT HAPPY. HE SAID GOIC WAS WILLING TO TAKE INITIATIVE FOR RENEGOTIATING A BETTER AGREEMENT IF U.S. DESIRED SUCH AN INITIATIVE.

6. ON COFFEE, THIGPEN PROVIDED A RUN-DOWN OF NAIROBI MEETING, WHICH BRA KANON LATER SAID WAS CONSISTENT WITH GERVAIS' REPORT. THIGPEN SAID WE ARE WILLING TO STUDY

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THE MEXICAN STOCK PROPOSAL WITH OPEN MIND BUT FEEL THERE ARE MANY PRACTICAL PROBLEMS TO BE OVERCOME BEFORE CONCLUSION OF FEASIBILITY POSSIBLE. BRA KANON, AFTER REMINDING US THAT OAMCAF HAD FAVORED INCLUSION OF ARTICLE 50 (4) DURING THE 1975 NEGOTIATIONS, SAID GOIC

APPROACH WOULD BE STEP-BY-STEP, WITH DECISION ON WHAT TO DO NEXT MADE ONLY AFTER RESULTS OF STUDY KNOWN.

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7. MEETING AT CAISSE. AFTERNOON CALL ON RENE AMANY AND N. KOUAKOO OF THE CAISSE WAS DEVOTED MOSTLY TO DISCUSSING ICCA. AMANY HAD JUST ARRIVED FROM VACATION IN U.S. AND SEEMED UNBRIEFED ON THIGPEN VISIT. IN RESPONSE TO THIGPEN'S OBSERVATION OF INADEQUACY OF PRESENT AGREEMENT AMANY SAID A POOR AGREEMENT WAS BETTER THAN NONE AT ALL, AND THAT PERHAPS PRESENT ICCA COULD BE MODIFIED TO MAKE IT MORE FLEXIBLE. THIGPEN REITERATED U.S. DOUBTS, BUT DIDN'T ARGUE MATTER. THEY EMPHASIZED RELATIONSHIP BETWEEN A "REALISTIC" PRICE RANGE AND INCREASED PRODUCTION, BUT REFUSED TO SPECIFY WHAT SORT OF RANGE THEY HAD IN MIND OR TO BE DRAWN INTO DISCUSSION OF JUST HOW INCREASING FLOOR PRICE WOULD STIMULATE PRODUCTION UNDER PRESENT MARKET CONDITIONS. AMANY CONTENDED FLOOR PRICE MUST COVER COST OF PRODUCTION BUT ADMITTED MARKET PRICE MORE THAN ADEQUATELY DOES THIS AT THIS TIME

8. IN A DISCUSSION OF MECHANISMS IN A NEW AGREEMENT, KOUAKOO SAID IVORIANS ENVISAGED AN INTERACTION OF QUOTAS AND BUFFER STOCKS TO ATTEMPT TO KEEP PRICE WITHIN AGREED RANGE. HE SEEMED TO IMPLY PRIORITY SHOULD BE GIVEN TO QUOTAS, BUT AT DINNER LATER ON HE SAID U.S. IDEA OF RELIANCE PRIMARILY ON A BUFFER STOCK "WAS NEGOTIABLE". DISCUSSION TENDED TO BECOME CONFUSED, BUT IVORIANS DID NOT SEEM TO REJECT CONCEPT OF STABILIZATION ALONG LONG-TERM TREND.

9. COMMENT. BRA KANON EXUDED SELF-CONFIDENCE AS A MAN IN CONTROL BOTH OF HIMSELF AND OF HIS MINISTRY. HIS MESSAGE WAS CLEAR: HE WANTS TO CONTINUE THE CLOSE RELATIONSHIP WITH THE U.S. DEVELOPED UNDER SAWADOGO. REGARDING THE PREFERRED CHANNEL OF COMMUNICATION, HE SAID THIS SHOULD MOSTLY BE LONDON, WITH EMBASSY ABIDJAN

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KEPT IN PICTURE. WHILE A VISIT TO WASHINGTON WAS NOT DISCUSSED, GERVAIS SUBSEQUENTLY TOLD U.S. REP THAT BRA KANON PROBABLY WOULD FOLLOW SAWADOGO PLAN TO VISIT THE U.S. AND OTHER CONSUMERS TO DISCUSS REVAMPING THE ICCA.

10. BRA KANON IS SEEKING SOME REACTION FROM US TO THE

NOTION THAT HE TAKE AN INITIATIVE FOR RENEGOTIATION --
WOULD WE LIKE THIS AND WOULD WE RESPOND SUPPORTIVELY?

11. U.S. REP'S ASSESSMENT OF THIS SHORT VISIT IS THAT
IT WAS DECIDEDLY WORTH THE EFFORT. SHOULD WE GO INTO A
RENEGOTIATION OF THE ICCA, WE WOULD QUICKLY FIND OUR-
SELVES AT ODDS WITH THE IVORIANS ON SOME SPECIFICS,
CERTAINLY ON PRICE. NEVERTHELESS, CONTINUATION OF THE
DIALOGUE IS IN BOTH OUR INTERESTS.

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